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E-mail Subject Line: Docket No. R-1305

To: The Federal Reserve Board
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From: Guy Hamilton – President
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Dear Federal Reserve Board,

I have been in the mortgage business for 25 years and closed over 4,000 loans. We've never arranged a Sub-Prime loan nor a No Doc Loan and we have NEVER had any lender or borrower that we arranged credit for deal with a Foreclosure. The proposals of this Amendment will simply add another barrier for consumers to have credit arranged for them. This is simply to wrong time to make it harder for a consumer to obtain financing and this proposal creates an inequality between brokers and direct lenders, who are allowed to mask or hide their total compensation.

The proposed changes to Reg-Z require that brokers, and only brokers, provide consumers a binding, written disclosure of the total dollar amount of their compensation (including YSP, Origination Fees, Processing Fees, Underwriting Fees and all other fees earned) prior to application. Requiring only brokers to provide such a disclosure will confuse and harm consumers who will mistakenly believe that lenders who don't disclose their compensation are saving them money.

Requiring brokers to disclose their total compensation as a dollar amount before application will also lead to seat-of-the-pants service estimates based on partial information. A Mortgage Broker will be required to blindly, without adequate underwriting criteria, disclose to a borrower their total dollar compensation for a given loan without the opportunity to make adjustments based on unforeseen circumstances.

The proposed changes to Reg-Z dictate harsh underwriting guidelines for a new class of higher cost loans, those with APR's that exceed comparable treasury yields by a certain margin: 3% above for first mortgages or 5% for second mortgages. The proposed triggers are far too inclusive and will subject many Jumbo, Alt-A, Agency-Jumbo and FHA loans to these new guidelines, preventing credit worthy borrowers from obtaining financing.

The proposal mandates a written disclaimer from the mortgage broker that states: **"a lender payment to a mortgage broker can influence which loan products and terms the broker offers you, which may not be in your best interest or may be less favorable than you otherwise could obtain"**. Under California state law a mortgage broker has an obligation to make a full and accurate disclosure of the terms of a loan to borrowers and to act always in the utmost good faith toward their clients. The proposed language wrongfully misrepresents the duties a broker owes his client, in probable violation of state law.